

# SVL2/PBA

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Presentation to LHATF March 9, 2007



# Overview

- Handout of PBA Master Time sheet
- Lists Work groups, Chairs, deliverables
- Coordinated effort
- Most work scheduled to be done by end of 2007



# Highlights of Academy PBA Efforts

- Many projects in or near final stages
- Major outstanding effort now the Valuation Manual
- NAIC Life Risk-Based Capital Working Group has an exposure out for comment – can be passed this year, implemented next year
- PBA Valuation Review Opinion regulation exposed by LHATF; being incorporated into Valuation Manual



# Highlights – continued

- Reinsurance Work Group under Sheldon Summers is reviewing documents for reinsurance implications
- Governance Work Group is reviewing what should be in Valuation Manual, elsewhere
- Accounting Practices Work Group is working on Blanks
- Support projects such as Economic Scenarios close to finishing work



# Consistency Work Group

- Has clarified “Principles” definition
- Is working on other projects, such as what is in reserves and capital
- Also in charge of Glossary of PBA terms; reporting format



# ARWG Activities Since December LHATF

- Continued to identify risks to be included in reserves
  - Spawned issue of role of reserves & TAR in Authorized Control Levels and Dividend Distribution Limits
- Subgroup formed to develop Valuation Manual component for non-variable annuities
- Contributed to revisions to Principles



# ARWG Activities Since December LHATF

## ARWG Analysis Subgroup Developments

- A simplified ALM Model on 5 modeling systems was developed & is being validated
- Certain key modeling assumptions & methodologies identified as cause of differences (e.g., fractional  $q_x$ , handling of capital gains & losses, etc.)
- Multiple patterns of scenario rates being reviewed



# ARWG Activities Since December LHATF

## Concern expressed over need for full ALM projections

- Significantly longer processing times than C-3 PII projections
- May be a need for a subgroup to explore simplifications and techniques to speed up projections so as to report reserves in reasonable timeframe





# Webcast/Website

- Next webcast: March 21, 2007 from noon to 1:30pm EDT
  - Free for regulators and work group members, all others pay \$160
  - Speakers: Mike Boerner, Tom Campbell, Tom Kalmbach, Larry Gorski
  - Register at [www.actuary.org](http://www.actuary.org)
- Website: [www.actuary.org/risk.asp](http://www.actuary.org/risk.asp)



# Summary

- Due to the tremendous efforts of many volunteers, we are on the verge of coming up with a reserving and capital system that produce results that are reasonable to cover the risk, but not too high to stifle business

